

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 RSR-01 ADP-00 EA-11 EUR-25 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

SAL-01 OMB-01 /188 W

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R 061425 Z APR 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 8693

INFO AMEMBASSY NEW DELHI

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E. O. 11652: N/A

TAGS: ETRD, IN, GATT

SUBJECT: GATT: INDIAN TARIFF CHANGES

REF: (A) NEW DELHI 2554; (B) STATE 57425; (C) NEW DELHI 3721;
(D) NEW DELHI 3895

1. AS EMBASSY NEW DELHI SUGGESTS IN REFS (A) AND (C), IT WOULD BE HARD TO PROVE INCREASES IN GATT- BOUND DUTIES (SECTION B, REF (A)) ARE INCONSISTENT WITH PURPOSE OF MARCH 16 WAIVER (L/3831) IF INDIANS CLAIM THEY ARE PART OF GENERAL TARIFF RATIONALIZATION. SAME CANNOT BE SAID FOR NEW AUXILIARY DUTIES (SECTION C, REF (A)), HOWEVER, FOR THESE ARE CLEARLY THE SUCCESSORS, DOUBLED IN AMOUNT, OF THE REGULATORY DUTIES IMPOSED IN 1972/73 BUDGET. INDIANS JUSTIFIED THOSE DUTIES SOLELY AS REVENUE RAISING MEASURE (CF. L/3711) IN REQUESTING WAIVER GRANTED JULY 29 (L/3732).

2. JULY 29 WAIVER DOES NOT COVER AUXILIARY DUTIES AS THEIR AMOUNTS EXCEED AUTHORIZED RATES. WHEN WE ASKED NARASIMHAN HOW GOI PLANNED TO HANDLE PROBLEM, HE
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REPEATED THAT NO FINAL DECISION HAD BEEN TAKEN BUT THAT AUXILIARY DUTIES WOULD PROBABLY BE BLANKETED UNDER MARCH 16 WAIVER. HE DID NOT REPLY TO OUR COMMENT THAT WAIVER NOT INTENDED TO COVER INCREASES OF THIS KIND.

3. MISSION SOUGHT INFORMAL REACTIONS FROM LOCAL CANADIAN, AUSTRALIAN, UK, AND JAPANESE DELS, NONE OF WHOM PREVIOUSLY AWARE OF SITUATION. UK REP THOUGHT HMG MIGHT ASK EC TO RAISE QUESTION IN GATT COUNCIL, AND CANADIANS THOUGHT OTTAWA MIGHT TAKE AN ACTIVE LINE. HOWEVER, AUSTRALIAN REP SAID ANY INITIAL AUSTRALIAN MOVE WOULD PROBABLY BE BILATERAL, AND JAPANESE REP THOUGHT HIS DELEGATION LIKELY TO SIT SILENT IN ANY GATT DISCUSSION. ALL PROMISED TO QUERY CAPITALS AND LET US KNOW IF MORE INFORMATION RECEIVED.

4. COMMENTS: (A) MISSION BELIEVES ANY INDIAN ATTEMPT TO SWEEP AUXILIARY DUTIES UNDER MARCH 16 WAIVER WOULD BE CLEARLY INCONSISTENT WITH WAIVER'S PURPOSE. IT MAY BE IN OUR INTEREST, HOWEVER, TO HAVE DUTIES TREATED IN THIS WAY. IF US SUCCESSFULLY OPPOSED SUCH AN ATTEMPT, INDIA WOULD BE FORCED TO ABOLISH THE DUTIES, VIOLATE GATT OR SEEK AMENDMENT AND EXTENSION OF THE JULY 29 WAIVER. WE WOULD GET NOTHING OUT OF LATTER TWO RESULTS WHILE FIRST POSSIBILITY SEEMS HIGHLY IMPROBABLE. IF AUXILIARY DUTIES TREATED UNDER MARCH 16 WAIVER, HOWEVER, GOI WOULD BE OBLIGED TO NEGOTIATE COMPENSATORY CONCESSIONS FOR BINDINGS BREACHED.

(B) REFTEL (D) RECEIVED AFTER PREPARATION ABOVE MESSAGE. GOI EMBARGO ON EXTENSIVE LIST OF ITEMS NOT ONLY ILLEGAL UNDER GATT BUT, COUPLED WITH OTHER ANNOUNCED RESTRICTIONS, MAY BE MORE SIGNIFICANT THAN TARIFF INCREASES. RIMESTAD

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